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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92025859			
Party	Defendant General Cigar Co., Inc.			
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Signature	/Andrew L. Deutsch/			
Date	09/29/2020			
Attachments	PUBLIC - SIGNED FINAL Richter Trial Decl COHIBA Proceeding.pdf(94821 bytes) Richter Annex A - PUBLIC - REDACTED.pdf(1603662 bytes) Richter Annex B - PUBLIC - REDACTED.pdf(328025 bytes)			

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the matter of Trademark Registration No. 1147309

For the mark COHIBA

Date registered	: February 17	7, 1981			
AND					
In the matter of For the mark C Date registered	OHIBA		ration No. 18982		
EMPRESA CUBATABA		DEL TA	BACO, d.b.a.	x : :	
	\	·.	Petitioner,	: : :	Cancellation No. 92025859
GENERAL C	IGAR CO., I	NC.,	Respondent.	:	
				: x	

DECLARATION OF EUGENE PAUL RICHTER, III

EUGENE PAUL RICHTER, III declares under penalty of perjury under the laws of the United States of America that the following is true and correct:

- 1. I am the Vice President of Sales at General Cigar Co., Inc. ("Respondent" or "General Cigar") and have been held this title at General Cigar for approximately twelve years (since 2008). I have personal knowledge of the facts set forth below, and if called upon to testify, I could, and would, do so competently.
- 2. I graduated from the University of Wyoming in 1987 with a Bachelor of Science degree in Business Administration. Prior to joining General Cigar in 2008, I had approximately twenty years of sales experience in consumer products, including at: E & J Gallo Winery, Group Danone, North America, Allied Domecq PLC, and Coors Brewing Company.
- 3. When I joined General Cigar in 2008, I was sent to our factories in the Dominican Republic for a hands-on, week-long training to learn about our tobacco leaf and tobacco production processes from factory personnel for General Cigar's primary cigar brands, including Macanudo, COHIBA, and Partagas. This first-hand experience, which taught me how General Cigar manufactures its main cigar brands, enabled me to better sell General Cigar cigars to our clients. To this day, many of General Cigar new hires in the sales and marketing divisions of General Cigar travel to General Cigar's factory in the Dominican Republic to receive a similar hands-on training.
- 4. As Vice President of Sales at General Cigar, among other responsibilities identified below, I primarily oversee the sales and distribution of General Cigar cigars and manage the execution of annual sales activation plans for each brand of cigar. Since June 2019, I have also overseen the sale and distribution of Scandinavian Tobacco Group's (General Cigar's parent company) Lane Limited pipe tobacco business.

- 5. I report directly to the President of General Cigar, currently Regis Broersma (previously Alan Willner—on an interim basis—and Dan Carr), and have reported directly to the President of General Cigar since joining the company in 2008.
- 6. General Cigar has approximately direct accounts. A direct account is an account that purchases General Cigar's cigars directly from General Cigar. A threshold requirement to qualify as a direct account is the ability to carry and sell roughly General Cigar SKUs. The most popular brands that we sell to direct accounts include Macanudo, Punch, COHIBA, and CAO—which we internally call General Cigar's "champion" brands. General Cigar's champion brands receive the highest levels of promotion and attention of all of General Cigar's brands. Our other cigar brands are grouped into "challenger" and "contender" categories.
- 7. General Cigar categorizes its direct accounts into channels, including: (i) Internet and Catalog; (ii) Retailer; (iii) Liquor; (iv) Distributors; and (v) contract manufacturing.
- 8. Some of General Cigar's largest accounts by category, many of which overlap with General Cigar's national accounts, include:
- 9. <u>Internet / Catalog</u>—Cigars International, JR Cigars, Thompson Cigars, Famous Cigars, Mike's Cigars.
- 10. <u>Distributors</u>—Kretek International, Inc., Arango Cigar Company, and JMG International, Inc.
- 11. <u>Retail</u>—Davidoff of Geneva, Pleasant Smoke Shop, JML Wholesale, Inc., Casa de Montecristo, and Corona Cigar Co.
 - 12. <u>Liquor</u>—Total Wine, Spec's, ABC Liquors.
- 13. General Cigar's Internet / Catalog, Retail, and Liquor direct account channels sell directly to consumers. General Cigar direct account Distributors, however, do not. Distributors

sell General Cigar cigars to other smaller downstream retailers, which we view as indirect accounts. General Cigar does not receive information from its distributors about the identity of these indirect accounts or sales made by those indirect accounts.

- 14. There are over employees in General Cigar's sales team operations. While all of these employees in the sales team ultimately report to me, I have six direct reports. Two of these direct reports are responsible for . The other four are: (i) the Director of Field Sales GCC (General Cigar Company); (ii) the Director of Strategic Accounts; (iii) Special Project Manager General Cigar; and (iv) Director of Sales M&D Wholesale.
- example, General Cigar has three Brand Ambassadors who report to the Director of Field Sales, including the COHIBA Brand Ambassador—Sean Williams. Brand Ambassadors, like Sean Williams, are tasked with representing their brands to consumers and attend/host various sales events for the brand. In addition, three Regional Sales Managers (East, Southeast, and West) report to the Director of Field Sales GCC. The Regional Sales Managers manage General Cigar's direct sales accounts in their respective regions. Each Regional Sales Manager has approximately 7-8 direct reports who are Premium Sales Managers. General Cigar's Premium Sales Managers promote General Cigar brands at a retail level. The three Regional Sales Managers work with the Premium Sales Managers in their respective regions to build relationships with General Cigar direct accounts (online and brick-and-mortar merchants who sell our cigars) and to educate the accounts as to General Cigar's market approach requirements, merchandising standards, pricing and promotion strategies.
- 16. The structure I describe above has been modified since I gave a discovery deposition in late 2017. Previously, the three Regional Sales Managers reported directly to me.

Now, they report to the Director of Field Sales GCC. Their responsibilities, however, remain the same and I still communicate regularly with the Regional Sales Managers.

- 17. The Director of ComEx is a role created since I gave my deposition in 2017. The Director of ComEx is generally responsible for monitoring and communicating business intelligence. The Director of ComEx also oversees General Cigar's sales apparatus, including by tracking overall sales, evaluating the execution of General Cigar's sales activation plans, new cigar launches, and setting sales volume targets. This role consolidates the responsibilities that were previously the responsibility of General Cigar's Director of Sales Operations—a title that no longer exists within General Cigar. The Director of ComEx has approximately 6 direct reports including sales managers, a trade customer manager, and three graphic designers.
- 18. The Director of Strategic Accounts oversees General Cigar's largest direct cigar accounts by volume, including Cigars International, Mike's Cigars, Thompson Cigars, Famous Cigars, JR Cigars, and Total Wine. National Account Managers report to the Director of Strategic Accounts.
- 19. Each of the employees in the sales group is responsible for General Cigar's sales for *all* of General Cigar's cigar brands. For each brand, sales employees are trained to understand and promote brand distinctions such as country of origin, blend of cigars, and price points, and how to promote the brand to General Cigar's direct accounts. A significant part of General Cigar's promotion work is to identify the competitor cigars to each of our brands, and to be able to differentiate these competitors from our cigars.
- 20. With respect to the General Cigar COHIBA brand, its on-shelf competitors include Davidoff, Montecristo, and Padron cigars. In my opinion, Davidoff cigars are the biggest competition to General Cigar COHIBA cigars.

- 21. My sales team is responsible for visiting all of their assigned General Cigar's direct accounts approximately once per quarter. A visit may be an in-person event (where a General Cigar employee physically visits the direct account's place of business) or a telephone call. Depending on the volume of General Cigar cigars purchased by a direct account or when certain opportunities arise, visits could be more frequent.
- 22. Annually, I personally meet with approximately 200 customers physically. Typically I meet retail accounts at the store level. Historically, I have met about 50% of General Cigar top direct accounts the annual trade show and the other 50% at their retail operations. These numbers fluctuated from year to year.
- 23. Since I joined General Cigar in 2008, I have not personally observed or been told by my sales team that any of General Cigar's direct accounts have expressed any confusion as to whether the General Cigar COHIBA cigar is owned by or approved by the entity that produces the Cuban Cohiba cigar, or that the two cigars are associated in any other respect. Nor have I been informed, either from my direct conversations with General Cigar direct accounts or from my sales team, that our direct accounts have received any comments from cigar consumers that expressed confusion of this nature.
- 24. This is not surprising. Cigar smokers and merchants generally know that under Federal law, it is illegal to sell <u>any</u> Cuban cigar in the United States. The General Cigar sales team knows this as well. There is no competition in the United States between Cuban cigars (including the Cuban Cohiba) and non-Cuban cigars (including the General Cigar COHIBA) cigar in the United States. Although I am unaware of anyone on the General Cigar sales team who has been asked by a direct account whether there is an association between the General Cigar COHIBA and the Cuban Cohiba, if a direct account did pose such a question, team members would certainly

inform the direct account that no such connection exists. Moreover, the appearance of the General Cigar COHIBA cigar is entirely different from the yellow-banded Cuban Cohiba cigar.

- 25. In addition, I am not aware of any evidence that potential United States consumers of the COHIBA cigar are confused into believing that there is a connection between that non-Cuban cigar and the Cuban Cohiba cigar.
- 26. In addition to the 200 or so direct account customers I meet with annually, I talk to a significant number of cigar consumers, for example, when I visit retail account stores. In interacting with these customers, I try to ask them questions about General Cigar's cigars. Sometimes consumers ask about General Cigar's COHIBA cigar during these interactions. In these numerous interactions, I do not recall a single instance where a consumer has asked whether General Cigar's COHIBA cigar was made in Cuba or by Cubans, or is otherwise associated with the Cuban Cohiba cigar. Nor have I been told by anyone on the General Cigar sales team that they have met a consumer who has asked such a question, or otherwise demonstrated any confusion regarding the origin of the General Cigar COHIBA cigar.
- 27. Although my team focuses on General Cigar's top line sales numbers, I regularly receive sales reports that break down General Cigar direct cigar sales by brand and by category. These reports are prepared and maintained by General Cigar's finance group and the Director of ComEx. Attached as **Annex A** are true and correct copies of the annual sales reports for years 2003-2019.
- 28. The chart below shows General Cigar's annual COHIBA sales to direct accounts, less FET tax and discounts:

Year	General Cigar COHIBA Sales
2007	\$
2008	\$
2009	\$
2010	\$
2011	\$
2012	\$
2013	\$
2014	\$
2015	\$
2016	\$
2017	\$
2018	\$
2019	\$

- 29. The total sales of General Cigar's COHIBA cigars to direct accounts from 2007 through 2019, less FET tax and discounts, is \$ ______.
- 30. During my deposition in 2017, I stated that General Cigar does not sell or distribute its COHIBA cigars for sale outside the United States. While this response was true, I would like to clarify this response to the extent my response was at all unclear. General Cigar *does* sell and distribute for sale its COHIBA cigars to United States <u>territories</u>—including, for example, Puerto

Rico¹, Guam, and the U.S. Virgin Islands. The sales figures identified in Paragraph 28 above include sales to direct accounts in United States territories.

- 31. Every year, brand managers for General Cigar prepare brand plans evaluating the promotion and positions of each brand and proposing a sales and promotion plan for the following year. Brand managers will vet promotional ideas and sales targets for each brand with me and my team. Overall, however, the sales team is not involved in the day-to-day preparation of the brand plans. Personally, I have formal meetings with brand managers approximately twice a year to discuss proposed promotions and market execution for the brand plans, and a few additional informal work sessions.
- 32. The brand plan is presented annually to the President of General Cigar and Scandinavian Tobacco Group for approval. I have attended some of these annual brand plan meetings. After, a brand plan is approved, the Director of ComEx creates "Program Planners" which consolidate the brand plan into executable sales promotions and targets. My team executes this Program Planner throughout the year. Attached as **Annex B** are true and correct copies of Program Planners for the years 2005, 2009, 2012, 2013, 2014, 2015, 2016, and 2017.

I declare under penalty of perjury that the foregoing is true and correct. Executed on September 222020.

EUGENE PAUL RICHTER, III

¹ General Cigar has 3 direct accounts in Puerto Rico and provides SKUs to the accounts through the United States Postal Service.

CERTIFICATE OF SERVICE

I hereby certify that on this date I have caused to be served a true and correct copy of the foregoing **DECLARATION OF EUGENE PAUL RICHTER**, **III** by transmitting copies by email to Petitioner's counsel:

Michael R. Krinsky Lindsey Frank Rabinowitz, Boudin, Standard, Krinsky & Lieberman, P.C. 14 Wall Street, Suite 3002 New York, NY 10005 mkrinsky@rbskl.com lfrank@rbskl.com

Attorneys for Petitioner Empresa Cubana del Tabaco d.b.a. Cubatabaco

Date: September 29, 2020

/s/ Andrew L. Deutsch
Andrew L. Deutsch
Attorney for Respondent
General Cigar Co., Inc

PUBLIC - REDACTED

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the matter of Trademark Registration No. 1147309

For the mark COHIBA Date registered: February 17, 1981	
AND	
In the matter of the Trademark Registration No. 18982 For the mark COHIBA Date registered: June 6, 1995	
EMPRESA CUBANA DEL TABACO, d.b.a. CUBATABACO,	: :
Petitioner,	: Cancellation No. 92025859
v.	:
GENERAL CIGAR CO., INC.,	:
Respondent.	: :

ANNEX A

DECLARATION OF EUGENE PAUL RICHTER, III

DOCUMENT PRODUCED IN NATIVE FORMAT

DOCUMENT PRODUCED IN NATIVE FORMAT

DOCUMENT PRODUCED IN NATIVE FORMAT

DOCUMENT PRODUCED IN NATIVE FORMAT

PUBLIC - REDACTED

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the matter of Trademark Registration No. 1147309

For the mark COHIBA Date registered: February 17, 198	31		
AND			
In the matter of the Trademark R For the mark COHIBA Date registered: June 6, 1995			
EMPRESA CUBANA DEL CUBATABACO,		: :	
	Petitioner,	:	Cancellation No. 92025859
V.		:	
GENERAL CIGAR CO., INC.,		:	
	Respondent.	:	

ANNEX B

DECLARATION OF EUGENE PAUL RICHTER, III